

DEPARTMENT OF THE TREASURY

TREASURY



NEWS

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EMBARGOED UNTIL 11:00 A.M.  
October 24, 2005

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202/504-3550

TREASURY OFFERS 2-YEAR NOTES

The Treasury will auction \$20,000 million of 2-year notes to refund \$25,817 million of publicly held notes maturing October 31, 2005 and to pay down approximately \$5,817 million.

In addition to the public holdings, Federal Reserve Banks hold \$6,551 million of the maturing notes for their own accounts, which may be refunded by issuing an additional amount of the new security.

Up to \$1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of the auction. These noncompetitive bids will have a limit of \$100 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of \$1,000 million.

Treasury Direct customers have scheduled purchases of approximately \$509 million into the 2-year note.

The auction will be conducted in the single-price auction format. All competitive and noncompetitive awards will be at the highest yield of accepted competitive tenders. The allocation percentage applied to bids awarded at the highest yield will be rounded up to the next hundredth of a whole percentage point, e.g., 17.13%.

The notes being offered today are eligible for the STRIPS program.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about the new security are given in the attached offering highlights.

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Attachment

HIGHLIGHTS OF TREASURY OFFERING TO THE PUBLIC OF  
2-YEAR NOTES TO BE ISSUED OCTOBER 31, 2005

October 24, 2005

Offering Amount .....\$20,000 million  
Maximum Award (35% of Offering Amount) .....\$ 7,000 million  
Maximum Recognized Bid at a Single Yield .....\$ 7,000 million  
NLP Reporting Threshold .....\$ 7,000 million

Description of Offering:

Term and type of security .....2-year notes  
Series .....W-2007  
CUSIP number .....912828 EK 2  
Auction date .....October 26, 2005  
Issue date .....October 31, 2005  
Dated date .....October 31, 2005  
Maturity date .....October 31, 2007  
Interest rate .....Determined based on the highest  
accepted competitive bid  
Yield .....Determined at auction  
Interest payment dates .....April 30 and October 31  
Minimum bid amount and multiples .....\$1,000  
Accrued interest payable by investor .....None  
Premium or discount .....Determined at auction

STRIPS Information:

Minimum amount required .....\$1,000  
Corpus CUSIP number .....912820 MG 9  
Due date(s) and CUSIP number(s)  
for additional TINT(s) .....October 31, 2007 - - 912833 4J 6

Submission of Bids:

Noncompetitive bids:

Accepted in full up to \$5 million at the highest accepted yield.

Foreign and International Monetary Authority (FIMA) bids:

Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than \$100 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed \$1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the \$1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids:

- (1) Must be expressed as a yield with three decimals, e.g., 7.123%.
- (2) Net long position (NLP) for each bidder must be reported when the sum of the total bid amount, at all yields, and the net long position equals or exceeds the NLP reporting threshold stated above.
- (3) Net long position must be determined as of one-half hour prior to the closing time for receipt of competitive tenders.
- (4) Competitive bids from Treasury Direct customers are not allowed.

Receipt of Tenders:

Noncompetitive tenders:

Prior to 12:00 noon eastern daylight saving time on auction day

Competitive tenders:

Prior to 1:00 p.m. eastern daylight saving time on auction day